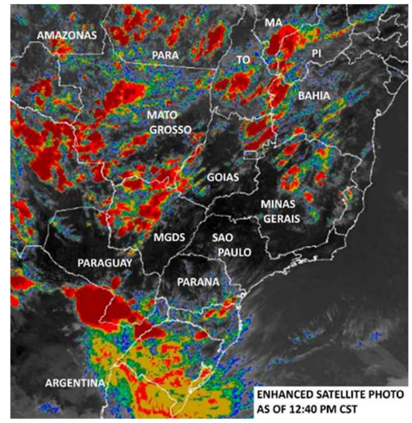
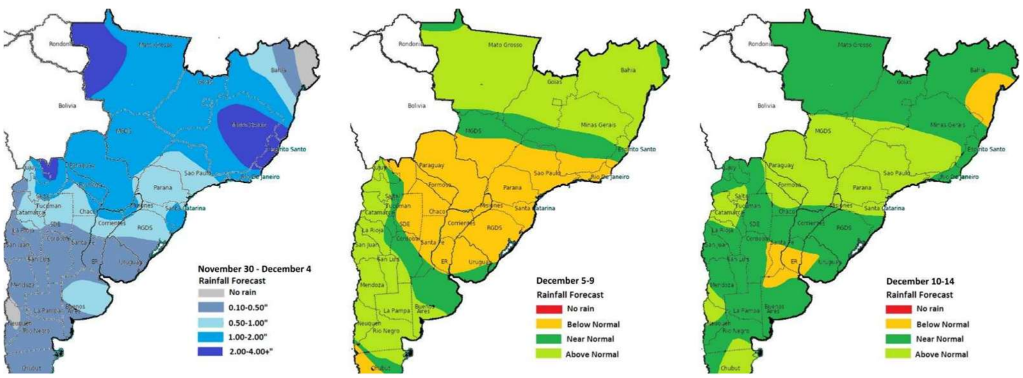
NESVICK TRADING GROUP, LLC

Monday, December 1, 2025
NTG Morning Comments
www.nesvick.com

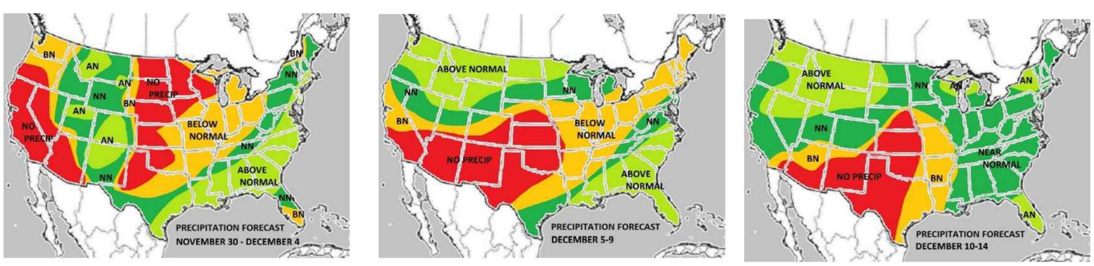
Weather

Northern soybean growing areas of Brazil are entering a period of consistent, daily scattered thunderstorms that will likely produce near- to somewhat-above-normal-precipitation totals over the 15-day forecast, maintaining generally favorable moisture levels for crop development; the wettest conditions are targeted for the December 3-7 timeframe. Conversely, the outlook for Southern Brazil and Paraguay indicates a distinct drying trend following the conclusion of current rainfall on Monday, with the region expected to remain largely completely dry for the December 2-8 period accompanied by a return of above-normal temperatures for December 6-9. In Argentina, the weekend rainfall was disappointing with totals under a half-inch in key production zones like southern Córdoba and southern Santa Fe, and the immediate forecast calls for a dry week ahead combined with notable heat for December 3-7 that could stress early planted crops before a potential moderation in the 11-15 day period.





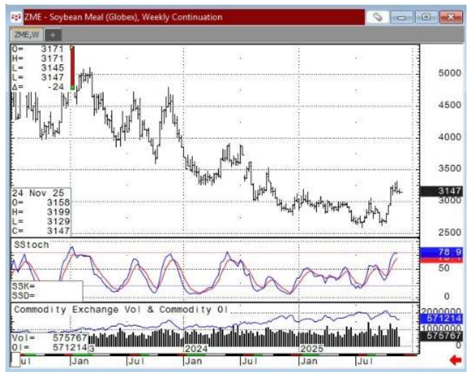
The primary weather feature for the US Corn Belt is the establishment of a bitterly cold air mass that will drive temperatures 10-20 degrees below normal through the work-week, culminating in a Thursday anomaly where the heart of the region could see readings 20-30+ degrees below normal and widespread sub-zero lows. While not a "wet" pattern, a series of clipper systems will bring some snow accumulations to the region; however, the major feedlot areas of the Southern Plains and Hard Red Winter wheat belt are forecast to remain dry to very dry, with most locations receiving under a quarter-inch of melted precipitation over the entire 15-day period. In the Mid-South, a sharp gradient is expected where southeastern areas will see significant 2-4" rainfall totals in the 1-5 day period, while northwestern Arkansas remains critically dry with totals under one inch, offering little relief for river logistics or soil moisture deficits.



Grains

Friday's shortened session was generally firm in quiet trade with oil leading and meal under pressure. Wheat was down slightly but the expiring Dec contracts were higher. FND deliveries against the Dec included 80 corn, 199 meal, 447 oil, 2 KC, and 34 CME HRS. There were no Chgo wheat deliveries. Daily sales announcements included 312 beans to China and 274 tmt corn to unknown (China?). China banned five Brazilian firms from shipping beans to them after a contamination issue. Agroconsult forecast Brazil's bean crop at 178.1 mmt vs 172.1 last year. Recall the USDA is 175 mmt vs 171.5. The

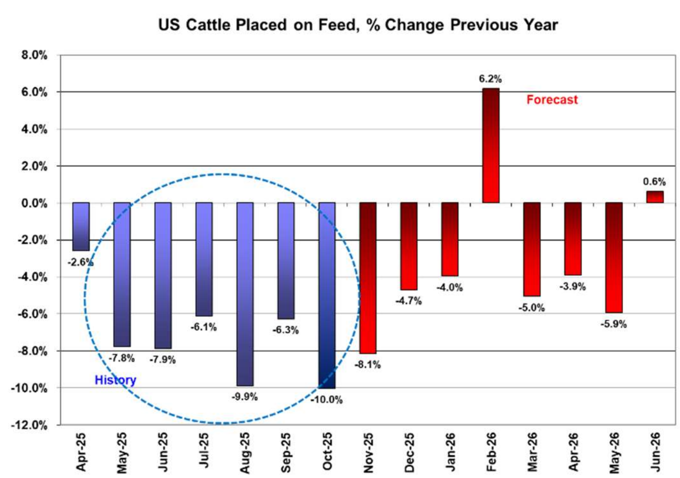
BACE raised its forecast for Argentine wheat production to 25.5 mmt – a new record (previous was 22 mmt in 21/22). The USDA is at 22 mmt. The USDA has more work to do in world wheat – they are still light on Arg, EU, Russia.



Grains commentary provided by Megan Bocken. For questions or comments, Megan can be reached by email at megan@bockentrading.com *or on Trillian at megan@nesvick.com.*

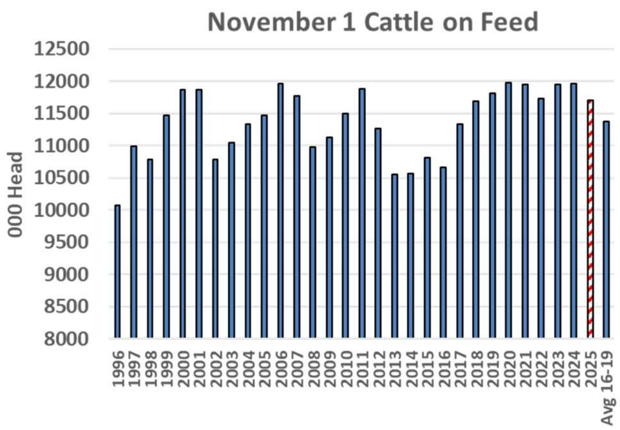
Livestock

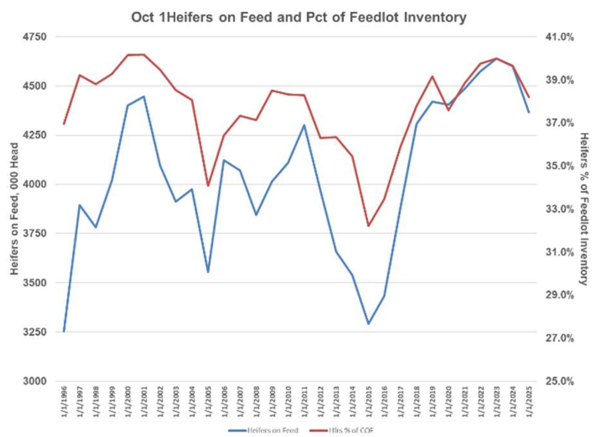
The November Cattle on Feed report extended many of the trends of recent months—smaller placements, fewer marketings, and a still relatively large feedlot inventory, but a wide geographical North/South divergence in the feedlot count. May-October feedlot placements have plunged nearly 950,000 head below a year earlier. But despite the implication of declining feedlot inventories, the turnover rate slowed sharply and fed cattle marketings plunged sharply lower, nearly matching the slide in placements. Relative to historical relationships between placements/inventories and expected marketings, the "too slow" marketing pace emerged around mid-year and continued through the summer, before deteriorating sharply in October. The accumulated heavy inventory may not be any more than 200,000 head, only a small fraction of the total feedlot count, but boosting late fall and early winter slaughter rates is often problematic—suggesting that a portion of that carryover may linger into early 2026. Still, the steady decline in feedlot placements likely will persist, which ultimately transitions into much smaller fed cattle supplies/marketings in 2026.



The slow marketing pace of recent months boosted the November 1 feedlot count to 11.7 mln head, only about 260,000 head smaller than last year (despite the plunge in May-Oct placements). Further, the feedlot inventory is only about

300,000 smaller than the record large Nov 1 count posted in 2020. Nonetheless, feedlot inventories will continue to erode during 2026 and may be around 600,000 head below a year earlier by mid-2026 and around a million head smaller by the end of the year.



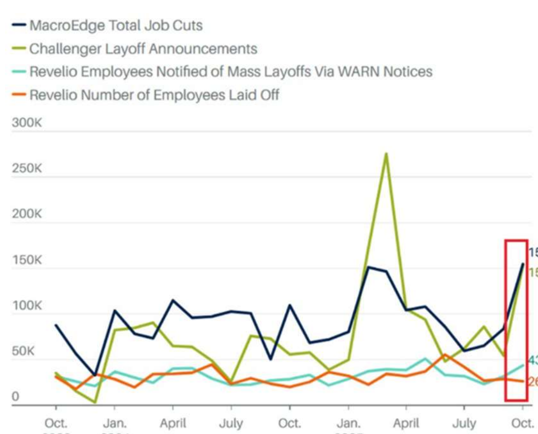


The number of heifers on feed Oct 1 was reported at 4.37 mln head, down about 235,000 or 5% from last year and the smallest since 2018. While the beef-on-dairy growth of recent years may be partially supporting the number of heifers on feed, neither the total heifers on feed nor the percent of the inventory as declined anywhere close to the last two cyclical lows—suggesting that further declines are likely in the years ahead.

Livestock commentary provided by Mike Sands. For questions or comments, Mike can be reached by email at msands@nesvick.com *or on Trillian at miksan66@trillian.im.*

Financials

Official government data released last week suggests the labor market is steadily improving, with Initial Jobless Claims dropping to 216,000 and the 4-week moving average holding steady near 223,800. While some will point to this data as proof of a soft landing for the labor market, this low claims number is likely a lagging indicator masking some deterioration under the surface. A look at other data paints a starkly different picture, with October seeing a massive surge in WARN layoff announcements to over 153,000—the highest monthly total for any October in 22 years.



The primary reason these aggressive cuts haven't yet materialized in the weekly jobless claims data is that WARN requires 60-day notice before performing any major layoffs. Additionally, there is a "severance gap" inherent in white-collar restructuring, where the roles typically come with significant severance packages which must run out before applying for unemployment; this often leads to a 2-3 month delay between the layoffs and any impact in the Jobless Claims numbers. The recent reductions are primarily at large companies such as Amazon, Boeing, and UPS are heavily targeted at management and corporate roles; this has created a structural delay where the job loss has occurred, but the evidence will be delayed going into the jobless claims numbers.

Ultimately, the jobless claims data is looking at the rearview mirror, while the WARN notices and Challenger data are more forward-looking. We are in a temporary blind spot where demand destruction has already been engaged by corporate layoffs, but the official government ledger won't register the impact until early 2026. If this trend of "hidden" labor weakness persists, the consumer spending headwinds could be far stronger than the market has priced in.

Financial commentary provided by Zachary Davis. For questions or comments, Zachary can be reached by email at zdavis@nesvick.com *or on Trillian at zdavis@nesvick.com.*

Today's Calendar (all times Central)

- Export Sales (10/23) – 7:30 AM
- SP Global Manufacturing PMI – 8:45 AM
- Export Inspections – 10:00 AM

Thanks for reading,

Zachary Davis
zdavis@nesvick.com
(901) 604-7712
Trillian IM: zdavis@nesvick.com
Bloomberg IB: zrdavis@bloomberg.net